

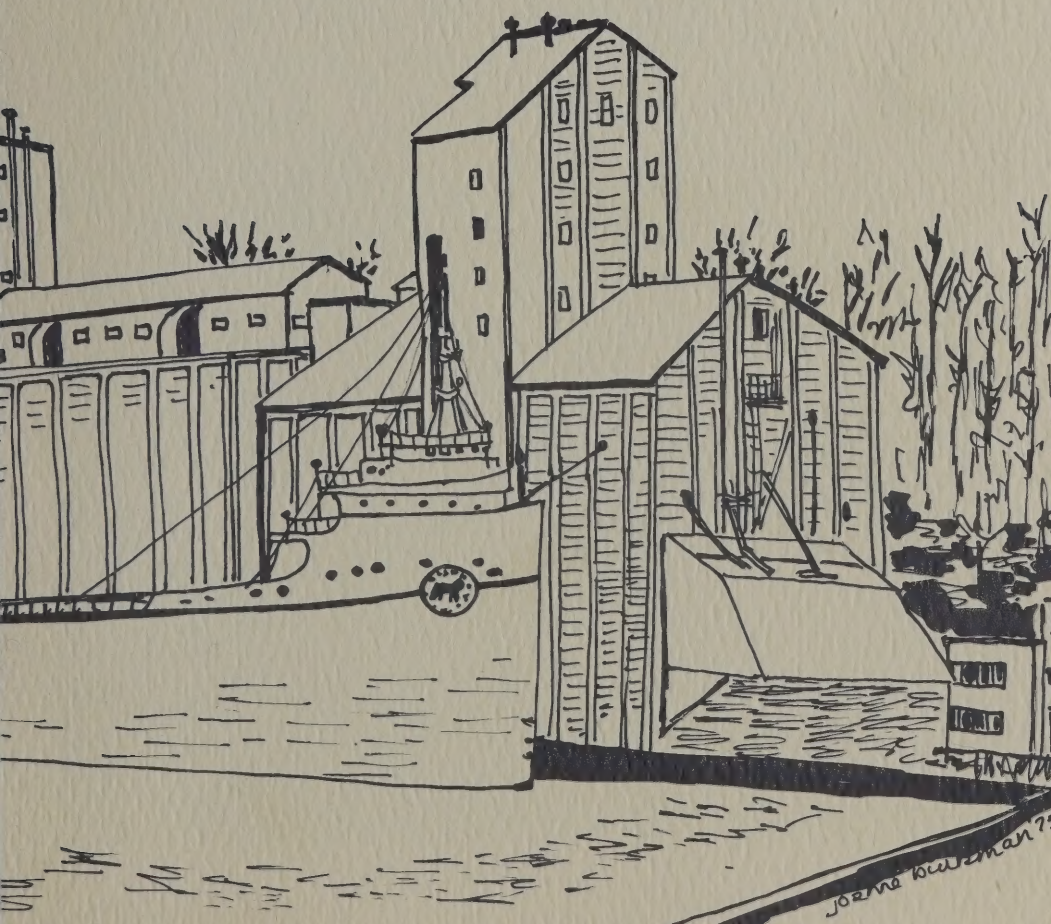
THE  
GODERICH  
ELEVATOR  
AND  
TRANSIT  
COMPANY  
LIMITED

AR40

*CanCorp*

76TH ANNUAL REPORT

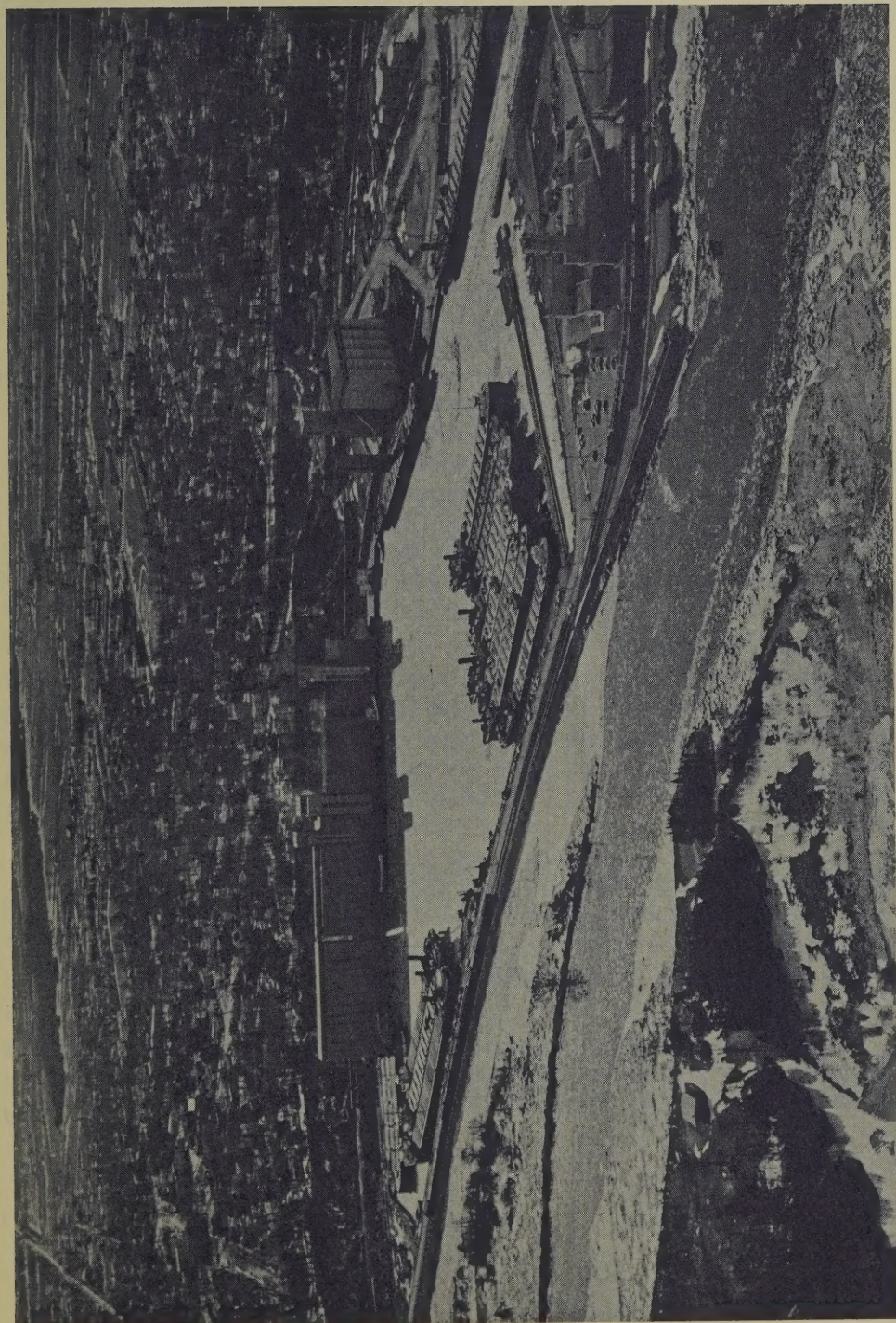
for the year ended march 31, 74



*JOHN KUSHMAN*







ALL ELEVATOR OPERATIONS AT GODERICH NOW UNDER ONE ROOF



## DIRECTORS' REPORT TO SHAREHOLDERS

The year ending March 31, 1974 was financially rewarding and progressive for your Company. Profit after taxes of \$140,975 was the best achieved since 1957 if we overlook 1972 in which an unusual gain of \$75,000 was realized on disposal of investments. Certainly the transfer of investment funds from the portfolio to an additional grain elevator produced a greater return even for five months, and we would expect that trend to continue.

We reported previously, in the six months statement the acquisition of Upper Lakes Elevator at Goderich: this integration is working smoothly. At that time we also reported that Mr. C. L. Turner, Vice-President of Maple Leaf Mills Ltd. had joined our Board of Directors. Just recently your Directors acted to accept the resignation of Mr. K. E. Hubley of Toronto and voted to replace him with Mr. K. Bruce MacMillan of James Richardson and Sons Limited, Winnipeg. In addition to being General Manager of the Grain Merchandising Division of Richardsons, Mr. MacMillan is President of Pioneer Grain Company Limited and Chairman of the Board of Governors of the Winnipeg Commodity Exchange. Both these gentlemen will I'm sure lend valuable assistance to the Company.

Grain handling for the 1973-74 year was 12,649,057 bushels: the average for the past ten years had been 11,345,876 bushels. This year's receipts to the end of May will be 2,740,000 almost identical to a year ago. The Canadian Grain Commission have accorded us a long-awaited rate increase effective June 1st which will help future earnings somewhat but is long overdue in covering inflationary costs. This Company has particularly been affected by the costs of insuring grain: in an extreme instance we have seen the price for one grade of wheat rise from \$2.95 a bushel to \$8.25 within the year. A new Federal feed grain policy might now improve somewhat the prospects of our Western feed grain handling, which is the major portion of our business. In balance, and assessing all factors we would look forward to a year comparable to the one just being reported.

Our activities were assisted greatly by our employees and we thank them for their cooperation. We trust we have rendered our customers a valued service and we thank the shareholders for their loyalty.

On behalf of the  
Board of Directors,

G. G. Parsons,  
President.

May 28, 1974.

*Clarkson, Gordon & Co.*

*Chartered Accountants*

291 Dundas Street, London, Canada N6B 1V1

AUDITORS' REPORT

To the Shareholders of

The Goderich Elevator and Transit Company Limited.

We have examined the consolidated balance sheet of The Goderich Elevator and Transit Company Limited and its subsidiary as at March 31, 1974 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at March 31, 1974 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Clarkson, Gordon & Co.*

London, Canada.

May 3, 1974.

Chartered Accountants.



# The Goderich Elevator and its

(Incorporated under the laws of Ontario)

**CONSOLIDATED**

**MARCH**

(with comparative amounts for 1973)

## ASSETS

	<u>1974</u>	<u>1973</u>
<b>CURRENT:</b>		
Cash .....		\$ 28,230
Investments — at cost (approximate market value: 1974—\$617,009; 1973—\$987,635) .....	\$ 589,395	891,744
Accounts receivable .....	96,701	47,832
Accrued revenue from grain storage .....	5,654	29,520
Taxes recoverable .....	4,375	
	<u>696,125</u>	<u>997,326</u>
 <b>FIXED:</b>		
Land — at cost .....	105,418	3,118
Land and water lots held under lease — at nominal value .....	1	1
Docks, buildings, barges, machinery and equipment — at cost .....	2,725,372	2,235,810
	<u>2,830,791</u>	<u>2,238,929</u>
Less accumulated depreciation .....	1,371,542	1,329,929
	<u>1,459,249</u>	<u>909,000</u>
 <b>OTHER:</b>		
Organization expense — at cost .....	700	700
	<u>\$2,156,074</u>	<u>\$1,907,026</u>

# Transit Company Limited

subsidiary  
(In accordance with the laws of Ontario)

## BALANCE SHEET

1974  
as at March 31, 1973)

### LIABILITIES

#### **CURRENT:**

	<u>1974</u>	<u>1973</u>
Due to bankers .....	\$ 20,076	
Accounts payable and accrued charges .....	88,789	\$ 50,261
Taxes payable .....		13,128
	<u>108,865</u>	<u>63,389</u>
Deferred income taxes .....	295,000	269,000

#### **Shareholders' equity:**

Capital —

Authorized:

90,000 shares of no par value

Issued and fully paid:

90,000 shares (1973 — 84,166) ..... 1,052,720 936,040

Retained earnings ..... 699,489 638,597

1,752,209 1,574,637

On behalf of the Board

Director

Director

**PRINCIPLES OF CONSOLIDATION**—The consolidated financial statements include the accounts of the company and its wholly-owned subsidiary, Goderich Elevator Holdings Limited.

**FIXED ASSET ADDITIONS**—During the year the company purchased a grain elevator for \$454,000. This resulted in an increase in the company's storage capacity of 1,600,000 bushels raising total storage facilities to 4,600,000 bushels. The purchase price was satisfied by \$337,320 in cash and the issue of 5,834 shares of The Goderich Elevator and Transit Company Limited at \$20 per share.

\$2,156,074 \$1,907,026



# CONSOLIDATED STATEMENT OF INCOME

## YEAR ENDED MARCH 31, 1974

(with comparative amounts for 1973)

	1974	1973
Revenue from elevation, storage, shovelling and other charges .....	\$979,502	\$681,835
Expenses:		
Operating expenses —		
Wages of superintendent, weighmen, operators, etc. ....	317,765	209,638
Municipal taxes .....	74,832	46,401
Supplies, repairs and maintenance .....	97,633	60,011
Power, water and light .....	29,334	23,262
Insurance and elevator bond premiums .....	33,351	20,659
Insurance on grain in storage .....	28,369	12,386
Employees' pension plan .....	3,378	5,771
	584,662	378,128
Depreciation of properties .....	63,339	56,266
Administration expenses —		
Management and office salaries .....	63,200	54,400
Directors' fees .....	8,500	8,477
Office expenses, employee benefits, travelling, donations, etc. ....	65,185	42,688
	136,885	105,565
Total expenses .....	784,886	539,959
Income from operations .....	194,616	141,876
Other income (expenses):		
Investment income .....	38,985	39,215
Loss on sale of investments .....	(6,262)	(3,805)
Gain on disposal of fixed assets .....	3,636	
	36,359	35,410
Income before taxes on income .....	230,975	177,286
Taxes on income — current .....	64,000	67,000
— deferred .....	26,000	(3,000)
	90,000	64,000
Net income for year .....	\$140,975	\$113,286
Earnings per share—based on the weighted average of shares outstanding during the year .....	\$1.63	\$1.35

REMUNERATION—The aggregate remuneration of directors and senior officers as required by Section 178 of The Business Corporations Act, 1970, Ontario, was \$97,907 in 1974 and \$85,224 in 1973. These amounts include remuneration of three employees who are not considered to be part of the management of the company.



# CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

## YEAR ENDED MARCH 31, 1974

(with comparative amounts for 1973)

	<u>1974</u>	<u>1973</u>
Source of funds:		
Operations .....	\$226,679	\$166,552
Issue of shares .....	116,680	
Decrease in refundable taxes .....	7,000	
	<u>350,359</u>	<u>166,552</u>
Application of funds:		
Dividends .....	87,083	126,249
Purchase of fixed assets .....	609,953	9,436
Payment of refundable taxes .....		7,000
	<u>697,036</u>	<u>142,685</u>
Increase (decrease) in working capital during year....	(346,677)	23,867
Working capital beginning of year .....	933,937	910,070
Working capital end of year .....	<u>\$587,260</u>	<u>\$933,937</u>
Represented by:		
Current assets .....	\$696,125	\$997,326
Current liabilities .....	108,865	63,389
	<u>\$587,260</u>	<u>\$933,937</u>

# CONSOLIDATED STATEMENT OF RETAINED EARNINGS

## YEAR ENDED MARCH 31, 1974

(with comparative amounts for 1973)

	<u>1974</u>	<u>1973</u>
Balance beginning of year .....	\$638,597	\$658,560
Add net income for year .....	140,975	113,286
	<u>779,572</u>	<u>771,846</u>
Deduct:		
Dividends paid of \$1.00 per share		
in 1974 and \$1.50 per share in 1973 .....	87,083	126,249
Refundable taxes .....	(7,000)	7,000
	<u>80,083</u>	<u>133,249</u>
Balance end of year .....	<u>\$699,489</u>	<u>\$638,597</u>

TAXES ON INCOME—Under the Income Tax Act, Canada, the company is classified as a private corporation and, therefore, certain taxes paid relative to dividend and interest income are potentially refundable; accordingly, these taxes are not deducted in arriving at the net income for the year but are shown as a deduction from retained earnings. Refunds of these taxes can normally be obtained at the rate of \$1 for each \$3 of taxable dividends paid. Sufficient dividends were paid during the year to recover all such taxes.

## DIRECTORS

- \* **H. C. HEIMBECKER**  
Parrish & Heimbecker Ltd.  
Toronto, Ontario
- K. W. JONES**  
Winnipeg Charterers Ltd.  
Winnipeg, Manitoba
- K. B. MacMILLAN**  
Jas. Richardson & Sons Ltd.  
Winnipeg, Manitoba
- \* **G. G. PARSONS**  
Goderich Elevator & Transit Co. Ltd.  
Goderich, Ontario
- W. T. POWELL**  
Kenwal Enterprises Ltd.  
Winnipeg, Manitoba
- \* **C. L. TURNER**  
Maple Leaf Mills Ltd.  
Toronto, Ontario
- DAVID B. WELDON**  
Midland-Doherty Ltd.  
Toronto, Ontario
- \* **Audit Committee**

## EXECUTIVE OFFICERS

**G. G. PARSONS**  
President-Manager

**DAVID B. WELDON**  
Vice-President

**J. C. CHISHOLM**  
Secretary

**J. B. LOCKHART**  
Treasurer

## EXECUTIVE COMMITTEE

**H. C. HEIMBECKER**  
Chairman

**DAVID B. WELDON**

**G. G. PARSONS**

## AUDITORS

**CLARKSON, GORDON & CO.**  
London, Ontario

## BANKERS

**ROYAL BANK OF CANADA**

## TRANSFER AND REGISTER AGENTS

**CANADA PERMANENT TRUST COMPANY**  
1901 Yonge St., Toronto 7

## FISCAL AGENTS

**MIDLAND-DOHERTY LTD.**  
Toronto, Ontario

## SOLICITORS

**DONNELLY AND MURPHY**  
Goderich, Ontario





